

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT REGISTERED SERVICE
AGREEMENT 1 (MC2016-168)
NEGOTIATED SERVICE AGREEMENT

Docket No.
R2016-6

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 1**

(July 7, 2017)

The United States Postal Service hereby gives notice of filing its response to Presiding Officer's Information Request No. 1 in this proceeding, which the Postal Regulatory Commission (Commission) issued on June 30, 2017. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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July 7, 2017

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1. Please confirm that the addition of an International Service Center to the PRIME Registered Agreement allows the agreement to continue to improve the net financial position of the Postal Service in accordance with 39 U.S.C. § 3622(c)(10). If not confirmed, please explain and provide updated volume, revenue, and cost data.

RESPONSE:

Confirmed. As the Postal Service stated in its notice filed on May 31, 2017 in this docket, v7.0 of the Postal Service's Annex 3 of the Inbound Market Dominant Registered Service Agreement 1 has an additional tab concerning a Postal Service International Service Center office of exchange that is used under the bilateral agreement between Hongkong Post and the Postal Service.¹ Under the current bilateral agreement with Hongkong Post that is the subject of Docket No. R2017-5, all remuneration to the Postal Service for inbound letter post items weighing up to 2 kg. is attributed to Docket No. R2017-5. That Postal Service International Service Center office of exchange is included in v7.0 of the Postal Service's Annex 3 of the Inbound Market Dominant Registered Service Agreement 1 because, in the event that a bilateral agreement with Hongkong Post were not in effect, that Postal Service International Service Center office of exchange would continue to be used. Thus, were a bilateral agreement with Hongkong Post not in effect, the addition of that International Service Center to the Inbound Market Dominant Registered Service Agreement 1 would allow the agreement to continue to improve the net financial position of the Postal Service in accordance with 39 U.S.C. § 3622(c)(10).

¹ See Notice of United States Postal Service Providing Update concerning Inbound Market Dominant Registered Service Agreement 1, Docket No. R2016-6, May 31, 2017, at 2.

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2. Please confirm that the addition of Georgian Post and LibanPost as parties to the PRIME Registered Agreement allows the agreement to continue to improve the net financial position of the Postal Service in accordance with 39 U.S.C. § 3622(c)(10). If not confirmed, please explain and provide updated volume, revenue, and cost data.

RESPONSE:

Confirmed. The addition of Georgian Post and LibanPost to Annex 6 List of Parties of the Inbound Market Dominant Registered Service Agreement 1 allows the agreement to continue to improve the net financial position of the Postal Service in accordance with 39 U.S.C. § 3622(c)(10).

Because the revenue under the Inbound Market Dominant Registered Service Agreement 1 consists of the payment of remuneration for the provision of information in electronic form subject to certain terms and conditions,² to the extent that Georgian Post and LibanPost pay any such remuneration to the Postal Service under the Inbound Market Dominant Registered Service Agreement 1, the addition of Georgian Post and LibanPost to Annex 6 List of Parties of the Inbound Market Dominant Registered Service Agreement 1 allows the inbound portion of the agreement to continue to improve the net financial position of the Postal Service in accordance with 39 U.S.C. § 3622(c)(10).

² Notice of United States Postal Service of Filing Revised Version of Inbound Market Dominant Registered Service Agreement, and Application for Non-Public Treatment, Docket Nos. MC2016-168 and R2016-6, February 15, 2017, Attachment 1, at 1.

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3. Please specify the steps the Postal Service will take to ensure timely filing of future modifications to the PRIME Registered Agreement.

RESPONSE:

The Postal Service employees who regularly work on the Inbound Market Dominant Registered Service Agreement 1 have been reminded of the Commission's request that the Postal Service timely file financial information when a modification to the Inbound Market Dominant Registered Service Agreement 1 proposes to change rates, fees, or mail classifications.

When the Postal Service makes changes to its Annex 3 delivery standards for the Inbound Market Dominant Registered Service Agreement 1, the Postal Service will submit them to the Commission at the same time that the Postal Service transmits them to the Head of PRIME.

The Postal Service's lead representative to PRIME plans to notify the Postal Service's Law Department as soon as possible concerning any other proposed or potential revisions to the PRIME Registered Service Agreement that affect rates, fees, or mail classifications for the Inbound Market Dominant Registered Service Agreement 1, so that the Postal Service can file any proposed or potential changes to rates, fees, or mail classifications with the Commission as soon as possible, in accordance with Commission regulations.

The Postal Service receives communications from PRIME on a regular basis that include updates concerning the parties to the PRIME Express Service Agreement, the PRIME Registered Service Agreement, and the PRIME Tracked Service Agreement. In lieu of frequent updates, the Postal Service proposes that it provide the Commission

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with an update concerning Annex 6 List of Parties to the Inbound Market Dominant
Registered Service Agreement 1 on an annual basis as part of the Annual Compliance
Review.